

## Financial Technology Acceptance in Baby Boomers Generation

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### Abstract

*The financial industry currently provides convenience things for its consumers because there is technology here that can be called financial technology (fintech). Various benefits can be provided by fintech. However, besides the benefits that can be provided by fintech, there are also those caused by the negative side of fintech. The existence of some negative things can affect people's acceptance of fintech. Various kinds of fintech companies target their products to the millennial generation. The presence of the baby boomer generation is often ignored by marketing. Various factors cause baby boomers to lose from the target. It might be because baby boomers cannot accept technology or even need fintech to support their daily activities. This research needs to be done so that industry players especially in financial technology can understand the consumers that baby boomers can be accepting the technology. Therefore, the researchers conduct this research using a meta-analysis so can explain the reality that occurs. This research was conducted using qualitative - descriptive. The focus of this research is the acceptance of fintech in baby boomers generation.*

### Keywords:

Financial Technology  
Communication Technology  
Technology Acceptance Model  
Baby Boomers

### Abstrak

Industri keuangan saat ini memberikan suatu kemudahan bagi konsumennya dikarenakan adanya teknologi di dalamnya dan dapat disebut sebagai financial technology (fintech). Berbagai macam manfaat dapat diberikan oleh fintech. Namun, selain manfaat, ada juga kekhawatiran yang ditimbulkan oleh sisi negatif fintech. Dengan adanya beberapa hal negatif tersebut, dapat mempengaruhi penerimaan seseorang akan fintech tersebut. Sebagian besar perusahaan fintech menasarkan produknya terhadap generasi millennials. Kehadiran generasi baby boomers kerap diabaikan dari pemasaran. Berbagai macam faktor yang menyebabkan baby boomers luput dari sasaran. Dimulai dari asumsi bahwa baby boomers kurang dapat menerima teknologi atau bahkan kemampuannya dalam mengadopsi teknologi tersebut. Penelitian ini perlu dilakukan agar para pelaku industri khususnya industri teknologi komunikasi dan informasi dapat memahami konsumennya tentang bagaimana suatu teknologi terutama fintech dapat diterima oleh konsumennya terutama pada generasi baby boomers. Oleh karena itu, penulis melakukan penelitian dengan cara meta-analysis untuk dapat menjelaskan realita yang terjadi. Penelitian ini dilakukan dengan pendekatan kualitatif – descriptive. Fokus dalam penelitian ini berada pada generasi baby boomers dalam proses penerimaannya terhadap fintech..

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## 1. INTRODUCTION

Communication technology has made trade, investment and business simpler and accessible through e-commerce and online transactions (Want et al., 2015), explained that the internet proved to have an

important role by facilitating users to interact with each other through global information and services. Same to communication, technology continues to provide change and will continue to develop (Helmayuni, Totok Haryanto, Siti Marlida, Rino Febrianno Boer, Saktisyahputra, Aminol Rosid Abdullah, Ichsan Adil Prayogi, Angelika Rosma, Nadiyah Abidin, 2022). Various kinds and business models are applied in an innovative way (Prayogi, 2021) not to mention the financial sector. There is 7.39% of the total Indonesian population uses the internet for banking activities (APJII, 2017). Financial technology (fintech) provides convenience in transactions but also has a negative side. Fintech can damage the economy or businesses that have been long established. In addition, there are issues regarding the security of personal data. It also becomes one of the risks that must be faced in the world of fintech. Therefore, there are enough challenges in accepting fintech (EY Fintech, 2017). People will consider every single thing before adopting a technology (Harkin & Huber, 2004), and also media literacy was needed to reach positive internet (Prayogi et al., 2020).

The number of different uses of fintech occur due to several factors, one of which is related to the acceptance of the technology. The existence of technology can be a challenge for some people due to the varying level of technical ability of users (Linnes, 2017). In general, the other research revolved around technology acceptance and did not specifically address the process of adopting fintech technology on baby boomers (Chuang et al., 2016). Based on this background, this research examines how to understand the process of accepting financial technology or fintech in the financial services industry in the baby boomer generation. The theory used in this research was the Technology Acceptance Model (TAM). This theory was used because the Technology Acceptance Model (TAM) is considered the most influential and most commonly used theory to describe an individual's acceptance of an information system.

There are several definitions mentioned by experts related to fintech. The word fintech comes from the merging of two complementary fields, namely: financial services and solutions based on sophisticated technology (Nicoletti & Accenture, 2017). Another definition was fintech as a technology that integrates finance and technology provides a variety of innovative business services, and leads a global economic revolution (Hsueh & Kuo, 2017). Furthermore, Fintech utilizes the availability of communication, especially through the internet and automated information processing. There are several types of fintech: financial planning, saving and investments, borrowing, and insurance (EY Fintech, 2017).

### Generation

Generation is a unit of relationship structure used for groups with people in a wide age range at a given time (Carlson, 2008). The term generation referred to kinship structure units that are similar, not refer to groups with people of a wide age range at certain times. Carlson defines generation into:

- New Worlders: born between 1871 and 1889
- Hard Timers: born between 1890 and 1908
- Good Warriors: born between 1909 and 1928
- Lucky Few: born between 1929 and 1945
- Baby Boomers born between 1946 and 1964
- Generation X: born between 1965 and 1982
- New Boomers: born between 1983 and 2001

### Baby Boomers

The baby boomers are those who were born from 1946 to 1964 and grew up in an era of prosperity (Carlson, 2008). The category of baby boomers refers to the situation in the United States of America which in the range of 1946 experienced a birth explosion (Gilleard, 2008). Based on this, many experts dispute that this term can be adopted by other countries. Many scholars disagree with this term because each nation had a different situation in that range of years. Apart from the conflicting definition of baby boomers based on demographics, baby boomers are a generation that is currently enjoying life with a combination of ownership of wealth, health, and longevity (Harkin & Huber, 2004). In such circumstances, making the baby boomers are in a self-actualization desire that is free from the pressures of work and child care they have gone through. The consumption of baby boomers tends to look at pieces of stuff that have endurance, quality, and value (Wang et al., 2015).

In the Ministry of Women's Empowerment and Child Protection, they state that there is 11.27% of the baby boomers generation in Indonesia (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak (KPPPA), 2018). The population of the baby boomer generation will continue to decline as they get older (Colby & Ortman, 2014). This percentage is far compared to the millennial generation which is 33.75%. The difference in number between baby boomers and millennial generations impacts the number of technologies adopted by the two generations.

### Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is a development of the Theory of Reasoned Action introduced by Fishbein and Ajzen in 1975. In addition, this theory is also often compared to other theories such as the Theory of Planned Behavior (TPB) (Venkatesh & Davis, 2000).

TAM has four important components, namely:

- **Perceived Ease of Use (PEOU)**  
Perceived Ease of Use (PEOU) is defined as perceived ease of use. This is seen from how technology or a system can be used easily by its users. The ease factor in using the technology or system will affect the perception of its usefulness.
- **Perceived Usefulness (PU)**  
Perceived Usefulness (PU) is defined as the perception of the extent to which a person believes that using technology or a system can increase productivity or provide usefulness in an activity.
- **Behavioral Intention (BI)**  
Behavioral Intention (BI) is the intention of individual behavior to use a technology which is determined by two things, Perceived Ease of Use (PEOU) and Perceived Usefulness (PU).
- **Behavior (B).**  
Behavior (B) is defined as an attitude of a user toward the use of a technology in which a form of acceptance or rejection can occur. Behavior is generally measured by using usage frequency, amount of usage time, number of actual usages, and diversity of usage (Chuttur, 2009).
- **Social Influence Processes**  
Social Influence Processes consist of three forms, namely subjective norms which are defined as a person's perception of the majority of people in his/her environment about what he/she should and should not do. The ungrudging feeling is defined as the extent to which the user considers his/her decision to use technology as something that is not mandatory. The last is the image, which is a factor that plays a role when the extent to which the use of an innovation is perceived can improve one's status in the social system.
- **Cognitive Instrumental Processes**  
Cognitive Instrumental Processes are processes by which someone shapes their perceived usefulness partly by comparing cognitively what technology can do with what they have to do in their work.

## 2. METHODS

This study employed a descriptive qualitative approach based on in-depth and detailed case knowledge (Neuman, 2014). The research instruments used a literature review and interviews. This research determined the object of research with a purposive sampling technique. The technique of determining the subject of this research was done purposively to gain an in-depth understanding of a particular case (Neuman, 2014). Research subjects are individuals who are in the baby boomer generation and have used fintech services.

## 3. RESULT

A Financial Post article (Cheverau, 2016) states that the consumers of the baby boomers generation are not the marketing target. This is caused by the increasing presence of millennials. Fintech is becoming more widely used by millennials because they are natural early adopters of technology (Thiruchelvam, 2018).

In a survey compiled by AARP in 2017, (Anderson, 2017) it was found that while the baby boomers are left behind in terms of smartphone penetration, there are large differences in ownership and usage between younger and older generations of baby boomers. For example, 78% of people aged 50-59 use their smartphones for various activities such as searching for information, banking, buying, and selling, and watching videos. On the other hand, users who are at the age of 70 spend as much as 55% by not doing many activities as abovementioned. Populations with an age range of 70, use smartphones to play games.

### Social Influence Processes

Some baby boomers tend to spend on investment. They do not want to look too strict like the traditionalist generation, the parents of the baby boomers generation, but also not as consumptive as the millennials. The surrounding environment becomes a significant influence on a person's behavior. This was triggered in a sentence from an informant who stated: "...recently if we want to top up the balance, there is rarely a sale at the counter. Going out to Indomaret is quite far, so my kid suggested me to purchase it via internet."

### Cognitive Instrumental Processes

In consumptive activities, baby boomers tend to find out in advance about the product that they want to purchase to get the best offer and quality. 67% of Boomers plan to spend more time on their hobbies and

interests (Nielsen, 2012). Informants felt the benefits of using fintech, this was indicated in the following sentence: "...to top up the balance is pretty quick, no need to leave the house".

#### **Perceived Ease of Use (PEOU)**

Fintech is more widely adopted by the millennial generation (EY Fintech, 2017). One reason is the ease of the internet and cellular technology that can serve daily activities. Most recognize that technology aims to help activities more easily, and can save time or energy both at home and at work. Some people appreciate that increasing computerization might even ease some of the problems they associate with age. In terms of usage, fintech is still considered quite difficult because users still feel difficulty remembering the steps of using it. Informants stated the following:

"Sometimes I forgot that my kids already told me. Even my grandchildren told me the steps. I have aged already."

#### **Perceived Usefulness (PU)**

Baby boomers tend to be familiar with conventional financial services and feel less about the benefits provided by fintech (EY Fintech, 2017). The Internet is their main source of intelligence when comparing shopping to large purchases such as cars or home appliances (Nielsen, 2012). There are 24% of Boomers believe that they have saved enough money for retirement (Augustine, 2017). In using fintech, the informants simply feel that there are pleasures and benefits. This is stated in the following sentence :

"if you want to shop using online money, you will frequently get a discount, that's good. There is no need to bring lots of money too."

#### **Behavioral Intention (BI)**

The baby boomer generation is quite open and likes the use of technology. Baby boomers are almost as excited as the younger generation about using technology. They hope that the internet will continue to play an important role in their lives, enabling them to channel their interests. This shows their intention to adopt a technology. Informants have felt the benefits and have never experienced anything less pleasant in the use of fintech. An informant said that there is a probability to use other forms of fintech, such as investment, but it is not yet known when the sources will be adopted. He said this in the following sentence:

"I use online money only in one platform, the thing that I use daily. I still lack information about other online money. Maybe I can try to use it if my kids tell me how to use it, or someone may offer me".

#### **Behavior (B)**

The baby boomers prefer conventional financial service providers because they do not have sufficient reason to turn to fintech (EY Fintech, 2017). Some baby boomers feel uncomfortable with new technology. About half of them feel positive about internet use and can see a value offered in greater ease, greater comfort, and opportunity. However, half of these older boomers tend to consider the rise of new technology as inevitable, and therefore, they believe that they should try to get used to it in order not to be left behind. Although in other research there were informants who expressed that it would be difficult to switch to fintech, the informants in this study did not mind using fintech. The informant stated that: "...it is not a problem at all, I use what my kids have already been using, so I think it is safe to use."

The diversity of human characteristics creates diversity in technology acceptance. The level of knowledge and understanding of an individual can determine whether or not to decide to adopt the technology. Social influences and process factors can also determine audience decisions. The most influential environment, in this case, is the close relatives. In other words, to introduce technology, a credible and trustworthy source for potential customers is needed. In addition, if the influence of brand equity increases in a product, the trust in the brand also. In cognitive instrumental processes, informants perceive the ease of use of fintech because they have experienced the benefits of fintech. The benefits are experienced by the informants because fintech can facilitate the activities that they do daily. In adopting fintech, the informants still felt difficulties because fintech requires a quite much effort to be mastered. However, because there are perceived benefits in fintech, the informants have no objection to learning the features of fintech.

#### **4. CONCLUSION**

Technology can be adopted by various groups as long as the individual has a desire for it. This can be caused by several factors, such as the surrounding environment. In general, the environment can exert influence because of the credibility of the impactor. In addition, the experience can also lead to an intention to adopt the technology. To create this experience, it is necessary to build a good perception towards the targeted consumers. The perception of the usefulness of technology can be built if the technology can be

adopted or used easily. If a technology has been felt useful, then the individual will be able to easily decide to adopt the technology without being persuaded. Some baby boomers also have the desire to use technology and do not want to be missed in technological development. It can be concluded that the form of fintech which is expected to be accepted by the baby boomers is in form of insurance and savings. Baby boomers tend to adopt a new thing if they see the usefulness of the technology. Industry players need to classify their consumers and emphasize their functions tailored to their targets. The message conveyed in marketing also needs to be taken into account, because an effective message will be able to provide behavioral changes to the targeted consumers.

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